

Florida Department of Revenue

Tax Information Publication

TIP

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A Credit Against Corporate Income Tax/Franchise Tax or Insurance Premium Tax for Certain Child Care Costs Is Available for Costs Incurred On or After December 31, 1998

The Corporate Income Tax Deduction for Child Care Facility Start-up Costs Is Eliminated for Tax Years Ending On or After December 31, 1998

Credit Implemented

The 1998 Legislature created a credit to be used against Corporate Income Tax (CIT) or Insurance Premium Tax (IPT) for child care costs. The total amount of tax credit available under this program is \$2 million for each state fiscal year (July through June) and will be allocated on a first-come, first-served basis. The credit may be used for costs associated with any of the following:

- Start-up costs of child care facilities operated by a corporation for its employees. The credit is 50% of the costs.
- Operation of a child care facility on behalf of a corporation's employees. The credit is \$50 per month for each child enrolled in the facility.
- Payments to a child care facility on behalf of a corporation's employees. The credit is 50% of the amount of the payments.

Application for Child Care Tax Credits

Any corporation that wishes to participate in this program must submit an Application for Child Care Tax Credits (Form F-1159) to the Department of Revenue. This form will be available December 15, 1998, by calling the Department of Revenue at 850-922-9645 or the Department of Children and Families at 850-488-4900.

Guidelines and Credit Limitations

- A corporation may claim this credit against either CIT or IPT, **but not both**.
- A corporation may receive up to \$50,000 in tax credits for all approved child care costs that it incurs in any one tax year.
- Any approved credits that are unused due to insufficient tax liability may be carried forward for up to five years against future CIT/IPT.
- Eligible child care credits require submission of an Application For Child Care Tax Credits (Form F-1159) to the Department of Revenue within the same tax year in which the expenditures are made.

- Applications for start-up costs are to be submitted within the same tax year as the facility becomes operational and is licensed.
- If the facility fails to operate for five years, the credit for child care facility start-up costs may have to be repaid.
- The child care facility must be licensed through the Department of Children and Families, a local licensing agency, or must be a facility providing daily care to children who are mildly ill. Contact the Department of Children and Families for additional information at 850-488-4900 and ask for a Child Care Licensing Specialist.
- The child care facility operated by the corporation must be used by employees of the corporation. It must be available to all employees of the corporation or allocated on a first-come, first-served basis.
- Two or more corporations may join together to start and operate a child care facility in accordance with the provisions stated in the statute.

Deduction Repealed

The 1998 Legislature also repealed the corporate income tax deduction for child care facility start-up costs for tax years ending on or after December 31, 1998.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, PO Box 7443, Tallahassee, FL 32314-7443.

Also, visit our Web site at <http://sun6.dms.state.fl.us/dor/> for forms and other information.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week, using your fax machine handset and follow the instructions.

References:

- s. 220.19, F.S.
- s. 624.5107, F.S.